Several lawmakers and mortgage industry members called on federal regulators to revise the recent risk-retention proposal from Capitol Hill Wednesday morning.

The rule, proposed in April under the Dodd-Frank Act, would require lenders to maintain 5% of the risk on all loans pooled into securities. But the exception is the qualified residential mortgage. Among requirements such as a strict debt-to-income limit and servicing standards, the QRM must have at least 20% down from the borrower.

The three senators who drafted the section of Dodd-Frank requiring a risk-retention rule joined the assembly Wednesday. Sen. Johnny Isakson (R-Ga.), Sen. Kay Hagan (D-N.C.) and Sen. Mary Landrieu (D-La.) sent a letter to regulators in March asking to scale back the rule. They sent a second letter Wednesday, signed by 44 Senators.

"I am thoroughly disappointed that the regulators did not follow our legislative intent and instead are promulgating a rule that would restrict access to affordable mortgages in this country," Isakson said. "We don’t have a down payment problem in this country, but rather an underwriting problem. I strongly urge regulators to rework their overly rigid down payment requirement for QRM. If left as is, it would make recovery in the housing market almost impossible."

Rep. **John Campbell** (R-Calif.) and Rep. Brad Sherman (D-Calif.) also attended. They circulated a letter in the House of Representatives last week requesting regulators to curtail the down payment. A total of 282 House members signed the letter.

A coalition of 44 consumer and industry groups joined the event as well, including the Mortgage Bankers Association, the American Bankers Association, the Mortgage Insurance Companies of America, the National Association of Realtors, the National Association for the Advancement of Colored People, the American Land Title Association and the Independent Community Bankers of America.

NAR President Ron Phipps said the rule as proposed would ultimately price out responsible borrowers.

"As written, the proposed QRM rule violates congressional intent, makes homeownership more expensive for millions of responsible consumers and jeopardizes the fragile housing recovery," Phipps said. "We urge regulators to reconsider the proposed QRM definition to help hard-working, creditworthy Americans continue to realize their dreams of homeownership."

Justin Ailes, vice president of government affairs for the American Land Title Association, said the proposal doesn't establish "commonsense underwriting steps" to determine who possesses the legal right of the property.

"Underwriting the real property that will serve as collateral for the mortgage loan is a fundamental part of the underwriting process and can be achieved by utilizing a title search backed by a title insurance policy to investigate, identify, and analyze the state of title to the collateral, thus reducing risk of loss for investors," Ailes said.

ICBA Chief Executive Camden Fine had a broader warning for regulators.

"Policymakers must proceed with caution," Fine said. "The mortgage market is critical to the broader economy, as we learned during the recent crisis, and the potential for unintended consequences is significant."

Days before the comment period was to end in June, regulators extended it to August 1.